

Exhibit 150

Cuyahoga County Council CY12-13 Budget Hearing
Monday, November 7, 2011
Suggested Talking Points: William M. Denihan

Greeting:

- Good afternoon Committee Chair Miller and Council Members. I am William M. Denihan, the CEO of the ADAMHS Board of Cuyahoga County.
- Thank you for the opportunity to speak about our budget and our request for additional funding beyond the County Executive's recommendation.
- First of all, we are thankful to the County Executive and his staff for **recommending continued funding to the ADAMHS Board of \$33,613,657 in CY12 and 13, which is not a reduction from our CY11 base subsidy.** However, we are **requesting an additional \$25,470,000 each year.**

Budget Reductions & Why we Need Additional Funding:

- Because of the recession and the elevation of Medicaid to the State Departments of Mental Health (ODMH) and Alcohol and Other Drug Addiction Services (ODADAS), the **community behavioral health system has been barraged with drastic funding reductions from the state.**
- **These reductions impacted treatment services to the working poor and support services, such as housing and employment, which are available to both the working poor and those eligible for Medicaid.**
- I want to let you know that the ADAMHS Board met these reductions and made difficult decisions with the very best interest of the people we serve in mind. Examples of this are:
 - 1. To utilize public funds prudently through an RFI process to award Non-Medicaid dollars to its providers.**
 - Contracts were not guaranteed and to qualify for funding, each provider was required to prepare a proposal with stated program outcomes and utilization.

- The RFI stressed that the **limited Non-Medicaid funding needed to be predominately used for services; therefore, the Board imposed a limit on provider administrative overhead.**
 - Prior to SFY11, provider administrative overhead was as high as 18%. For SFY11, the Board did not allow overhead exceeding 12%, and for SFY12 the allowed percentage was reduced to 10%.
 - The SFY12 RFI process led to the Board **eliminating funding to several agencies and recommendations for some agencies to consider merging.** As a result, providers have consolidated or formed partnerships to reduce administrative overhead.
2. On January 1, 2011, the Board launched the **SCALE (Screening, Centralized, Assessment, and Level of Care Assignments)** program, or central intake process, in collaboration with our adult providers to increase access for new uninsured or underinsured mental health consumers, streamline the intake process, and utilize Non-Medicaid dollars more efficiently.
- The goal is to improve client care through a consistent assessment process and assignment to care, while reducing costs by eliminating multiple assessments on the same consumer.
 - However, **due to lost funding, intakes are rapidly closing to new consumers, meaning that uninsured and underinsured people are not receiving services.**
3. The Board also developed and implemented a new **Detoxification Policy in November 2010 that ensures more individuals will have access to services.**
- Any individual requesting more than one detoxification within a rolling 12-month period must receive approval from the Board's Chief Clinical Officer unless the individual is withdrawing from alcohol or is pregnant.
 - While this policy has effectively eliminated the waiting lists for detoxification services and **stretched limited dollars, we envision seeing more people seeking this service.**

4. The ADAMHS Board administrative budget was not exempt from reductions.

- The Board's SFY12 administrative budget was reduced by 18% -- \$1.3 million in salaries and other operating expenses.
- As a result of this reduction, I restructured the organization and a total of **18 positions were abolished that led to the layoff of 13 staff.**
- This resulted in an **administrative budget of \$5.6 million -- 4% of the total \$154 million budget inclusive of Medicaid.**

Impact of Budget Reductions:

- Providers have reported the **impact of the SFY12 Non-Medicaid funding reductions on their consumers, staff and agencies.** To date, 19 providers have responded. *Aggregate numbers*, including the ADAMHS Board, indicate the following:
 - **77.5 provider and Board staff members were laid-off.**
 - **Intakes to new consumers/clients have been closed and waiting lists have increased.**
 - **An estimated 2,600 people will not receive mental health and/or addiction services.**
 - **As a result of the reduction in services, the cost to the community may reach nearly \$700,000 because of increased usage of the courts, jails, prisons, and emergency rooms for untreated people.**

Funding Request is Justified Based on Needs Assessment:

- The ADAMHS Board requested increase of \$25,470,000 over our county subsidy is justified and based on a Needs Assessment that was completed in April 2011 by the Center for Community Solutions of residents below 200% of the poverty level.
- An estimated 27,512 residents who have moderate or severe mental illness and 19,775 residents who have alcohol or other drug addictions were identified as not being served.
- After factoring out residents who are eligible for Medicaid, an increase of \$15,770,000 is needed to help provide mental health services to an additional 5,310 people, and alcohol or other drug addiction services to an additional 1,179 people.
- In order to restore services that were reduced in SFY12 to the existing population, the ADAMHS Board needs an additional \$9,700,000 for a total request of \$25,470,000.

Opiate Addiction:

- The state is facing an opiate epidemic that is in part fueled by the healthcare system prescribing narcotics as pain killers, with doctors prescribing pain killers at a rate of 9 times more than in 1997.
- In 2010, 50% of adults on Medicaid were prescribed opiates, with 10% at a level that indicates addiction, and it costs 8 times more to serve that 10% because of doctor visits and trips to emergency rooms for physical symptoms.
- The southern part of the state has been most devastated by this epidemic, but it affects the entire state.
- But, Cuyahoga County is not exempt. Last year, there were enough prescriptions written for pain killers to provide 67 prescriptions for every resident in Cuyahoga County. And, 4 people die each day because of an opiate overdose. It is one of the leading killers in our community.

- **ODADAS supports 12-step recovery treatment, but, since opiate addiction is so severe, medication assisted treatment is encouraged, including the use of Suboxene and Methodone.**
- **Opiate addiction is hard to beat because of its degree of euphoria, painful withdrawal, 95% relapse rate, and unlimited tolerance which often leads to death by overdose.**
- **Education and data is important to fight opiate addiction, especially to **doctors** about the dangers of overprescribing pain killers; to **addiction treatment providers** that medication is needed in treatment, and to the **community** about the devastating effects.**

Importance of Reentry Services:

- **The state is embracing Justice Reinvestment and Sentencing Reform with the passage of HB 86 in June.**
 - **The goal is to reduce prison costs by diverting non-violent 4th or 5th degree felony offenders to alternative facilities, such as halfway houses and community-based correctional facilities, where treatment and community reentry services will be provided.**
- **On a local level, I am the Chair of the Cuyahoga County Reentry Leadership Coalition.**
- **We are working on ensuring that community reentry services are available for residents of Cuyahoga County by advocating for increased funding for expansion of existing reentry programs.**
- **Currently, 5,000 ex-offenders are returning to Cuyahoga County each year.**
- **Funding limits us to serving less than 300 or about 6% of paroles returning to Cuyahoga County through 3 main prison reentry programs.**

- These **programs have lowered recidivism rates from a high of 65% to just 4%:**
 - **Returning Home Ohio** - Mental Health Services, Inc. has lowered recidivism rates lowered from 50% to 4%.
 - **Parole/Assertive Community Treatment (P/ACT)** at Recovery Resources has lowered recidivism from 65% to 25%.
 - **Correctional Advocacy and Re-Entry Support (C.A.R.E.S.)** Prison Outreach at Murtis Taylor Human Services System has lowered recidivism from 50% to 9%.
- The overall goals of these programs are to:
 - **Reduce recidivism** of the mentally ill and addicted in the criminal justice system.
 - **Increase access to behavioral health treatment and other services.**
 - **Stabilize their mental illness and/or addiction, and provide referral and linkage to critical benefits and ancillary support.**
- **On average it costs as little as \$3,234 per year to provide a range of successful outpatient behavioral health services for ex-offenders** whose offenses are linked to behavioral health needs.

Conclusion:

- **Thank you for your consideration of our request. I'll be happy to answer your questions.**

BACKGROUND INFORMATION IF NEEDED ON PER PERSON COST

Average Cost per Person for Behavioral Health Treatment Services:

- The average annual cost of treating a mental health consumer in FY2010 was \$2,902.
- The average annual cost of treating an AOD consumer in FY2010 was \$2,783.
- Children and adolescents under 18 had higher per-consumer costs than adults.
 - \$3,355 for mental health services.
 - \$4,683 for AOD services.

Aggregate Mental Health Average Costs by Service:

- **Individual Community Support (CSP) service:**
 - Highest annual cost of all mental health services.
 - **\$38.6 million annually** (35.8% of all mental health costs).
 - **\$31.6 million paid by Medicaid.**
- **Medical/Somatic services:**
 - Second most costly service.
 - **\$16.2 million annually.**
 - **\$12.4 million of that paid by Medicaid.**
- **Individual Counseling**
 - **\$15.3 million.**
 - **\$13.9 million of that paid by Medicaid.**
- **Partial Hospitalization**
 - **\$14.3 million.**
 - **\$13.5 million of that paid by Medicaid.**
- **These four services make up 78% of all mental health costs, 87% of all Medicaid mental health costs.**

Aggregate Alcohol/Drug Average Costs by Service:

- **Intensive Outpatient (IOP) services:**
 - Most costly AOD service.
 - **\$4.8 million annually** (19% of all AOD costs)
 - **\$2.6 million of that paid by Medicaid.**
- **Group Counseling:**
 - Second most costly service.
 - **\$4.1 million.**
 - **\$2.5 million of that paid by Medicaid.**
- **Non-Medical Residential (NMR) Services –Non-Acute:**
 - **\$3.9 million – all paid with Non-Medicaid funding.**
- **Individual Counseling:**
 - **\$2.0 million.**
 - **\$1.2 of that paid by Medicaid.**
- **These four procedures made up 58% of all AOD costs, and 62% of all Medicaid AOD costs.**

Housing Services Average Cost Per Consumer:

Note: All Residential Services funded in full with Non-Medicaid dollars from the ADAMHS Board.

- **Residential Treatment Service:**
 - Average per diem \$175: **Annual cost per consumer: \$63,000**
 - Licensed by ODMH and staffed by a mental health provider
 - Provides residential treatment and support 24/7
 - Step-down environment from institutional care (state hospital, correctional, nursing facility, etc.)
- **Residential Support:**
 - Average monthly rate \$877: **Annual cost per consumer \$4,000**
 - Licensed by ODMH and staffed by private owner/ACF operator
 - Provides room, board and personal care services
 - Step-down environment from Residential Treatment Service

- **Independent Living:**
 - Average monthly rate \$498: **Annual cost per consumer \$4,900**
 - Certified by ADAMHS Board
 - Independent Living unit (apartment)
 - Available for consumers from Residential Treatment and Residential Support environments
 - Capital development funds from ODMH & ADAMHS Board

Employment/Vocational Services Average Cost Per Mental Health Consumer:

- **1,161 consumers served per year.**
- **Average cost is \$16,275 per consumer.**
- **Services include: Job readiness training, resume writing, linkage and referral, mock interview training job search service, etc.**